

Rural Development Offers Gap Financing for Rural Business Industry

Outline Of Need--The Northeast Nebraska Economic Development District (NENEDD), a 16-county regional development organization, recognized the need for gap financing in rural northeast Nebraska for business community retention, expansion, and start-up growth.

How Rural Development Helped--USDA Rural Development provided a \$750,000 Intermediary Relending Program (IRP) loan to NENEDD in March of 2001. Continued and increased activity in northeast Nebraska prompted NENEDD to apply for a second IRP loan in the amount of \$500,000 which was awarded in April 2005.

The Results--Twenty-seven ultimate recipient businesses received Intermediary Relending Program (IRP) assistance as a result of USDA Rural Development funding (\$750,000). Ultimate recipient loans were leveraged with an accumulated \$11,510,789 of funding from other sources including owner equity, banks, other revolving loan funds, USDA Rural Economic Development Loan monies (\$250,000), Community Development Block Grants (CDBG), local community investment, and the Small Business Administration 504 program. Current/retained jobs impacted totaled 118 with 129 jobs added as a result of business start-up and growth. Business sectors assisted in 16 communities included hardware, auto repair, a newspaper, farm feed and supply, food service, greenhouse garden and nursery supply, call center, machine parts manufacturing, funeral home, convenience store and lumber/home center retail. Fourteen of the sixteen communities benefiting from local main street investment range in population size from 318 to 5,583.

The second IRP loan (\$500,000) currently being disbursed has thus far provided financing for six ultimate recipient loans leveraging \$1,194,090. Six communities are reaping the benefits of 24 current/retained jobs with 19 jobs added to the economy.

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